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DEPARTMENT OF AGRICULTURE COMPLETES ARRANGEMENTS
AS REQUIRED BY THE GRAIN FUTURES ACT TO DEAL WITH
FALSE, MISLEADING AND INACCURATE REPORTS CONCERN-
ING CROPS, MARKETS AND OTHER CONDITIONS AFFECTING
THE PRICE OF GRAIN.



The Grain Futures Act of September 21, 1922 (42 Stat. 998),
provides among other things, * * * *

Sec. 5. The Secretary of Agriculture is hereby author-
ized and directed to designate any board of trade as a "con-
tract market" when, and only when, such board of trade com-
plies with and carries out the following conditions and
requirements:

* * * *

(c) When the governing board thereof provides for the
prevention of dissemination by the board or any member
thereof, of false or misleading or knowingly inaccurate
reports concerning crop or market information or conditions
that affect or tend to affect the price of grain in inter-
state commerce.

The Act further provides that any board of trade that has been
designated a contract market may be deprived of such designation by
reason of any failure to comply with the Act, rules and regulations,
orders and decisions made under the Act.

Under the provision of the law quoted above the following
markets have now been designated as contract markets:

Chicago Board of Trade
Minneapolis Chamber of Commerce
Duluth Board of Trade
Kansas City Board of Trade
St. Louis Merchants' Exchange
Milwaukee Chamber of Commerce
Open Board of Trade of Chicago
San Francisco Grain Trade Association of the Chamber of Commerce
Los Angeles Grain Exchange
Baltimore Chamber of Commerce.

Section 9 of the Act further provides in part as follows:

Sec. 9. Any person who shall violate the provisions of
Section 4 * * * * or who shall knowingly or carelessly de-
liver for transmission through the mails or in interstate

commerce by telegraph, telephone, wireless, or other means of communication false or misleading or knowingly inaccurate reports concerning crop or market information or conditions that affect or tend to affect the price of grain in interstate commerce, shall be deemed guilty of a misdemeanor, and, upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than one year, or both, together with the costs of prosecution.

The effect of the foregoing provisions of the law imposes on the Secretary of Agriculture the duty, after investigation, of designating such markets as comply with the several requirements of Section 5, including paragraph (c). It imposes the further duty of continued supervision of the designated contract markets to make certain that in their operation they continue to meet the conditions precedent to designation.

The proper administration of this law calls for a continually functioning organization, collecting and disseminating facts as far as known, and preventing, counteracting and correcting false information.

Frequently important information and misinformation emanates from foreign sources, particularly in the great grain producing countries, and from the great distributing markets and consuming areas. Arrangements have been made to enlist the cooperation of the Consular Service of the Department of State and the Bureau of Foreign and Domestic Commerce of the Department of Commerce to assist in covering the foreign fields as completely as possible.

Arrangements have been made as follows covering the assistance to be given by the various agencies of the Government:

CONSULAR SERVICE, DEPARTMENT OF STATE

The Consular service has more than 450 representatives stationed

in all parts of the world. They cover not only producing but consuming countries. From a production standpoint the most important areas are the great wheat surplus producing countries of India, Australia, Argentina, Canada, Russia (when normal conditions prevail), and the Danube countries. In all of these territories, except Russia, the Consular Service is amply represented and will cooperate in running down reports emanating from them or reputed to emanate from them. The help of the Service will also be available in all other parts of the world.

BUREAU OF FOREIGN AND DOMESTIC COMMERCE, DEPARTMENT OF COMMERCE

This bureau is represented by commercial attaches or trade commissioners in about 30 countries. Their cooperation will be available to the Department of Agriculture in determining the truth or falsity of reports or rumors that affect the market regarding sales for foreign account, changes in foreign crop conditions in countries where the Department of Agriculture is not represented, and other factors affecting the price of grain. The assistance of the Foodstuffs Division, which reports exports weekly and keeps a general account of the export trade conditions, will also be available. The foreign representation of the Bureau of Foreign and Domestic Commerce is particularly strong in Europe, our greatest export outlet. From time to time the Bureau receives valuable information unofficially concerning grain and grain market conditions in Russia. This will be open to the use of the Grain Futures Administration. During the existing period of interrupted diplomatic relations there is an unfortunate scarcity of Russian information. This Bureau will therefore be in position to assist in numerous angles of the problem.

DEPARTMENT OF AGRICULTURE AGENCIES THAT WILL HELP

The many sided activities of the Department enable it to cover in detail all phases of the problem in the domestic field. Its foreign work is being strengthened from year to year and already plays an important part in the collecting and distributing of correct information. The work of the department on crop estimating and forecasting is so well known and so widely and effectively carried forward that discussion of it is scarcely necessary. It will continue to aid in preventing the dissemination of false, misleading and inaccurate reports and in counteracting their effects and correcting them wherever possible.

The Grain Futures Administration has arranged for cooperation with each of the several bureaus of the Department covering those phases of the matter which fall within their respective fields of work, as follows:

BUREAU OF AGRICULTURAL ECONOMICS:

A number of the important divisions of the Bureau are organized and function in a way to be of immediate service. Each will be mentioned separately.

Division of Crop and Live Stock Estimates

This is the oldest unit of the Department of Agriculture and has charge of all crop forecasting and estimating work relating to all crops. It is represented in every important grain growing state, county, and township in the country. For the purpose of this cooperation only the state representatives will be included, except as they themselves may find it necessary to call on local representatives for

particular information. The division has a permanent, experienced agricultural statistician located in every such state in the Union. Grain exchange supervisors in the contract markets will have telegraphic and telephonic connection with these representatives through the chief of the division. These statisticians themselves spend practically half of their time each month observing crop and other conditions in the field. These men are thoroughly experienced and their knowledge is instantly available.

Grain Division

This division conducts investigations on the marketing and distribution of grain and also administers the United States Grain Standards Act. It is thus in constant contact with the grain trade throughout the United States and, through its reporting system, collects and issues semi-monthly reports of exports of grain by grade. These figures differ from those of the Foodstuffs Division of the Department of Commerce on account of the fact that the latter are issued as of the date of clearing of the vessels, while the Grain Division reports as of the date of inspection and loading of the cargo. Both through its grain supervisors and through its licensed inspectors this division is in constant touch with the trade and able to assist effectively in the administration of the Grain Futures Act.

Foreign Crop and Market Work

The division in charge of this work secures regularly through the International Institute of Agriculture in Rome and also through direct relations with other grain growing nations cabled and written reports of crop and market conditions in numerous parts of the world.

It also conducts investigations of foreign competition and demand for grain and grain products and keeps a certain number of men stationed in foreign producing and consuming countries. It also has traveling investigators in foreign countries from time to time capable of securing correct information and correcting misinformation.

Division of Information

This division of the Bureau of Agricultural Economics is primarily responsible for the distribution of information, but it also has certain sources of information independent of any of the foregoing units. It is in a position by leased and commercial telegraph wires and telephone to secure correct information and is able by means of the same media and an extraordinarily extensive wireless broadcasting system to disseminate in the widest way possible any information to be distributed. The division also maintains a complete mailing list of grain exchanges, merchants and others interested in the grain trade.

WEATHER BUREAU

Many circulated stories and rumors that affect grain prices relate to the weather, particularly in important grain growing territories. The United States Weather Bureau is charged with the collection and dissemination of information regarding current weather conditions and their effect on crop development. This Bureau maintains a large number of meteorological observing stations throughout every state of the Union, there being one in nearly every county of the principal grain producing states. By means of these, authentic weather information is available through the Section Directors of the several states, one of which is permanently located in each.

Furthermore, the Bureau collects, through its numerous local weather observers, and a large number of other correspondents, information regarding the prevailing weather and its effect on growing crops. This service has been maintained for more than 30 years, the information being collected weekly and reports prepared at these intervals, in detail for each state and for the country as a whole at the Central Office in Washington. In addition, detailed daily reports of current weather conditions are collected by telegraph from a large number of points throughout the grain states and bulletins prepared at a number of designated central stations. The machinery of the Weather Bureau with its telegraphic arrangements, will be available in such respects as may be necessary and desirable to carry out the duties of the Secretary of Agriculture under the Grain Futures Act.

BUREAU OF PLANT INDUSTRY

Market rumors, particularly in the case of wheat, frequently have reference to outbreaks of rust and other plant diseases. Disease outbreaks frequently occur at the time when grains are most susceptible to serious harm. Other stories relate to crop and soil conditions, cultivation, etc. The Bureau of Plant Industry has an extensive pathological and agronomic organization with complete contacts in all of the important grain growing states. These contacts include all the state authorities responsible for similar kinds of work. The arrangements made with the Chief of the Bureau of Plant Industry will facilitate the prompt confirmation, correction or denial of reports relating to plant diseases and cultivational conditions.

BUREAU OF ENTOMOLOGY

As in the case of plant diseases, insect depredations are not infrequent and important sources of rumors and stories that affect

the grain market. The Bureau of Entomology has in operation a regular insect reporting service which will be available and will be utilized for determining the facts as to reports of insect injury that may be circulated in the markets.

BUREAU OF CHEMISTRY

Occasionally the activities of the Bureau of Chemistry under the Food and Drugs Act give rise to stories that sound alarming to occasional investors and speculators, though they probably never seriously alarm the grain trade itself. The cooperation of the staff of the Food and Drug Enforcement Division, numbering 50 inspectors located at key points throughout the United States, will be available as far as practical in preventing the dissemination of false, misleading and inaccurate reports.

GRAIN FUTURES ADMINISTRATION

The organization set up by the Secretary of Agriculture to administer the Act will, through its grain exchange supervisors stationed at important markets and through its other officers and employees, disseminate authentic information and reports and correct exaggerated, incorrect and unconfirmed reports regarding the supply and demand, crop, market and trade conditions. Regulation 6 of the rules and regulations, prescribed by the Secretary of Agriculture, provides that "Each member of a contract market shall furnish, or cause to be furnished or exhibited, to the governing board of such contract market, when requested by it, and to the officer in charge of the Grain Futures Administration or his representative when requested by him, a true copy of my report, circular, letter or telegram published or given general circulation by such member concern-

ing crop or market information or conditions that affect or tend to affect the price of commodities, and the true source or authority of such member for the information therein contained."

GOVERNMENT BULLETIN BOARDS AT CONTRACT MARKETS

Arrangements are being made to secure the cooperation of each exchange, board of trade, or chamber of commerce that has been designated a contract market to provide a special bulletin board to be used solely for the posting of information emanating from the Grain Futures Administration or from other Government agencies cooperating with that Administration. The practice will be followed of posting upon this bulletin board as promptly as possible all information of sufficient importance to warrant such treatment.

The most important means of disseminating all crop and market information are the trade papers, the market pages of the daily press, the bulletins of the commission houses, C.N.D. services, and the information services of private crop estimators. The Department recognizes that most of these sources of information are relatively disinterested and prefer to publish known truths rather than untruths. Their cooperation as well as that of the boards of trade, grain associations and grain merchants, individually, is solicited in order to reduce to the lowest practical minimum the dissemination of false, misleading and inaccurate reports condemned by the law.

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